

FILE

DD/S 70-4530

13 NOV 1970

MEMORANDUM FOR: Director of Communications
Director of Finance
Director of Logistics
Director of Medical Services
Director of Personnel
Director of Security
Director of Training
Chief, Support Services Staff

25X1

SUBJECT : Implementation of OMB Circular A-44 (Revised),
dated 16 February 1970

REFERENCE : Routing Sheet Note to Above Addres for C/PS-DD/S;
re same subject; w/att

1. Directorate Planners met with [redacted] on 16 November
in order to formulate additional implementation instructions mentioned in
the reference.

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2. It is hoped that the reporting instructions can, at some future
date, be modified to permit inclusion of the information called for in the
annual report in the normal budget submittals.

3. The first report to be submitted to the Chief, DD/S Plans Staff
no later than 21 December 1970 should include nothing at all regarding FY
1970. This initial report is necessary because the data was not included
when the last budget went forward, and the report covers the period of
time between 1 January and 30 June 1971. Please note that Section I,
"Management Effectiveness Goals," and Section II, "Cost Reduction
Goals," are the only sections to be included in the initial report. The
first full report will be submitted so as to reach the Executive Director-
Comptroller on 30 June 1971. This report will contain all four sections
and will cover the period 1 July 1971 - 30 June 1972.

4. Your reports should be limited to your own Office's budget.
This is necessary in order to avoid confusion as to who claims what
savings.

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5. [] has stated that a form and set of instructions will be prepared for the 30 June 1971 report. No such uniformity is needed for the first report.



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Chief, DD/S Plans Staff

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PS-DD/S:jHP:bkf/[] (16 Nov 70)

Distribution:

Orig - D/CO

- 1 - Each other adse as shown
- ① - DD/S Subject w/ref material
- 1 - DD/S Chrono
- 1 - PS Chrono w/ref material

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

INDEXED

FILE

FROM:

Chief, DD/S Plans Staff
7D 10, Headquarters

EXTENSION

No.

DD/S 70-4385

DATE

5 NOV 1970

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. Director of Communications
Director of Finance
2. Director of Logistics
Director of Medical Services
Director of Personnel
3. Director of Security
Director of Training
Chief, Support Services Staff

4. [] via D/CO

5.

6.

7.

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12.

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14.

15.

[] has been designated as the O/PPB representative for the Agency in setting up a Management Improvement Program and the undersigned has been designated to represent the Support Directorate.

Please note that the initial report, as called for in Section IX of the Agency's Implementation Instructions, is due in O/PPB on 31 December 1970. It should be submitted to the Chief, DD/S Plans Staff no later than 21 December 1970 or earlier if completed before that date. Submittals to the undersigned should be in duplicate.

I will forward to you additional Implementation Instructions as developed.

[]
Chief, DD/S Plans Staff

Att: Correspondence re Implementation of OMB Circular A-44 dtd 16 Feb 1970 (2 Nov 70)

Distribution:

Orig - D/CO

- 1 - Ea other Support Office Head
- ① DD/S Subject w/cy of att
- 1 - DD/S Chrono
- 1 - PS Chrono

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UNCLASSIFIED

DD/S SECRETARY
FILE OLM

Director of Planning, Programming,
and Budgeting

6E-25 Hqs.

X1 This will confirm that Mr. J.
[redacted] is the DD/S contact
point in connection with OMB
Circular A-44 (revised).

John W. Coffey

A-DD/S

7D-24 Hqs.

A-DD/S:JWC:es (5 Nov 70)

Distribution:

Orig - Adse w/cy of DD/S 70-4385 (w/o atts)

*1 - DD/S subject w/cy of DD/S 70-4385

1 - DD/S chrono

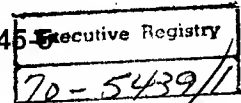
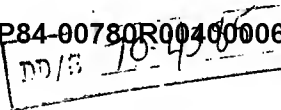
DD/S 70-4385: Memo dtd 2 Nov 70 to DD/I, DD/P, DD/S&T, DD/S fm ExDir-Compt,
subj: Implementation of OMB Circular A-44 (Revised), dtd 16 Feb 70

STATINTL

Approved For Release 2003/05/05 : CIA-RDP84-00780R004000060045-5

Approved For Release 2003/05/05 : CIA-RDP84-00780R004000060045-5

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2 NOV 1970

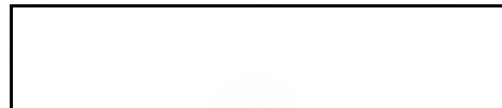
MEMORANDUM FOR: Deputy Director for Intelligence
Deputy Director for Plans
Deputy Director for Science and Technology
Deputy Director for Support

SUBJECT : Implementation of OMB Circular A-44 (Revised),
dated 16 February 1970

1. OMB Circular A-44 (Attachment A) prescribes an aggressive and comprehensive program to improve the management and efficiency of Government operations. The President has given the program his personal endorsement and expects the support of key officials of all agencies in complying with the spirit and principles of the OMB directive.

2. Each Deputy Director should take immediate steps to establish an effective management improvement program in accordance with Agency instructions set forth in Attachment B. I am certain there are areas where serious examination would reveal possibilities for increasing the efficiency and reducing costs. For example, we should give attention to all so-called "overhead" activities -- substantive as well as administrative -- to assure that staff review and coordination procedures and processes, as well as services provided, make a necessary contribution to our substantive missions and are performed as efficiently and economically as possible.

3. The Director of Planning, Programming, and Budgeting is responsible for coordinating the Agency-wide management improvement program and assembling the reporting data required by OMB. Each Deputy Director is asked to designate, by 10 November, a senior officer as a contact point for him on these matters.



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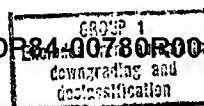
L. K. White

Executive Director-Comptroller

Attachments:

- A - OMB Circular A-44
- B - Agency Management Improvement
Program - Implementation Instructions

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

A

February 16, 1970

CIRCULAR NO. A-44
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Establishment of a management improvement program
applicable to all Government operations

1. Purpose and coverage.

a. This Circular establishes a formal Government-wide management improvement program and is effective immediately. It supersedes and rescinds Circular No. A-44, Revised, dated August 3, 1966.

b. Improving the efficiency and economy of Government operations is a major concern of the President. Therefore, each individual in Government should be motivated to be constantly alert to the development and application of better ways to perform day-to-day tasks. However, for many programs, functions, and activities, management effectiveness and efficiency cannot be measured or evaluated in terms of dollars saved. Many of these operations, such as services to the public, represent some of the most important governmental activities and potential areas for management improvement. Therefore, it is vital that the ability exist to establish objectives, measure performance, and evaluate results in all areas of governmental activity.

A combination of emphases on individual management actions and total management efforts applied to selected priority areas, permits both the measurement of cost reduction and the effectiveness of intensive management attention. The management improvement program thus recognizes that management improvement actions can generate dollar savings, system benefits, or both.

c. The management improvement program will consist of five inter-related elements:

- (1) Management effectiveness;
- (2) Cost reduction;
- (3) Idea interchange;
- (4) Presidential recognition of exceptional improvement actions;
- (5) Periodic study of Government-wide operations.

This Circular sets forth policies, procedures, guidelines, and responsibilities for carrying out these elements. It applies to all executive departments and agencies and is effective immediately.

2. Reporting. An annual management improvement report covering the program elements will be prepared in accordance with the requirements and definitions contained in Attachment A and submitted in duplicate to the President, through the Director of the Bureau of the Budget, by September 30 of each year. The first report will be due on September 30, 1970.

3. Management effectiveness. It has long been recognized that management progress in many functions and activities cannot always be measured on the basis of dollars saved. Many of these functions contain a significant potential for management improvement but require a system for identifying quantitative measures of performance, establishing performance goals, measuring performance, analyzing the results, and initiating corrective actions. Therefore each department and agency head will establish a formal, organized management effectiveness program to serve this purpose. The objective of this program is to concentrate management attention on persistent problem areas of high level priority. These areas will be identified by a systematic review of agency activities and operations. The program is designed to increase the emphasis on and give recognition to the total management efforts of an agency on improving effectiveness in identified problem areas or activities.

Agency management will identify and spotlight operating problem areas or activities of high priority with a view toward developing and implementing corrective courses of action. This requires in-depth assessment of existing functions, activities, and procedures. In establishing a management effectiveness program, the following policies will be observed:

a. The formal management effectiveness program will require establishing a management system for identifying quantitative goals in the selected problem areas, evaluating performance, and identifying further action as appropriate.

b. Areas for inclusion will be selected in a manner which assures that priority attention is concentrated where the greatest needs exist.

c. Each specific problem or activity will be added to or eliminated from the program by the agency, based on the acceptability of performance being achieved.

d. Performance results reported for each area selected will represent the combined effect of all management actions taken for that area.

(No. A-44)

e. Performance indicators will be expressed in quantitative terms of units, tons, percentages, gross dollars, items, or other standards of measure most appropriate for the individual area(s) selected for study. However, it is recognized that indicators chosen are measures of performance, and agency evaluation of the problem area usually will involve additional factors, some of which cannot be reduced to quantitative terms.

f. In most cases, existing data will be sufficient for evaluation. However, when major deficiencies or voids in the data are identified, a new data base will be established to obtain the information necessary to measure and evaluate performance.

g. If dollar savings are achieved, the results will also be reported under the cost reduction element.

4. Cost reduction.

a. Policy. The following policies will be observed in continuing agency cost reduction activities:

(1) The head of each department and agency will assume personal responsibility for improving the efficiency and economy of his agency programs and activities.

(2) Management at all levels will undertake vigorous and continued efforts to improve operating procedures and techniques, eliminate nonessential activities and positions, and increase productivity.

(3) Agencies will make every effort to accomplish unprogrammed workload requirements without additional staff resources through adjustments in previously programmed requirements and existing activities and by improving manpower control and utilization.

b. Cost reduction plans. Each department and agency head will prepare specific plans which will systematically:

(1) Identify and eliminate or curtail low priority and marginally effective activities;

(2) Develop new and less costly methods of achieving program objectives; and

(3) Encourage innovation and ingenuity in the development of new and improved techniques for increasing productivity.

(No. A-44)

c. Monetary goals. At the beginning of the current fiscal year, department and agency heads will establish a cost reduction goal. The goal for the current year will represent the savings expected to be realized from new and improved management actions compared with the actual cost in the immediately preceding year, or the most recently incurred costs, whichever is appropriate. In addition to this required overall goal, each agency should establish subgoals for major activities or organizational elements.

d. Monetary savings.

(1) Cost reductions reported annually must be the result of deliberate managerial actions taken for the purpose of raising effectiveness or efficiency as opposed to management actions taken to carry out some public policy. Only reductions in costs or increases in revenues and fund availability which can be attributed to new or improved management actions will be reported as monetary savings under this program.

(2) Monetary savings for the purpose of cost reduction reporting do not include such things as:

- Reductions in outlays due solely to a decline in demand for agency output.
- Reductions in outlays due to deferment of programs or activities.
- Reductions in outlays of a department or agency as a result of transferring responsibility for a function to another agency, except to the extent of a net savings to the Government.
- Prevention of increases in operating costs resulting from use of voluntary uncompensated overtime, rather than increased staffing or paid overtime.
- Reduction in outlays based on the acquisition of excess property when funds for the purchases of similar new property were not or normally would not have been available.
- Reduction in outlays resulting from decisions made by authorities external to the reporting agency.

e. Measurement of monetary savings. The monetary savings which result or are expected to result from each new or improved management action will be calculated, separately identified, and reported for each of three fiscal years--the year in which the action is taken and, where applicable, the next two succeeding fiscal years. The savings reported for the first year will represent the funds made available as a result of new or improved management actions and

additional revenue resulting from such actions. The savings reported for each of the next two fiscal years will represent an estimate of the amount of additional funds which would be required in each of the years if the new or improved management actions had not taken place. Planned expenditures which result from congressionally approved appropriations for the department or agency in the past year, or the most recently incurred costs, whichever is appropriate, will be used as a base in determining monetary savings. The actual savings in the past year and the estimated savings in the next two fiscal years will be dropped from the reporting system after each annual report.

f. Identification, control, and use of savings. Each executive department and agency head will establish controls to assure that funds made available by cost reduction actions are used only for approved programs. The following categories, designated by (1), (2) or (3), will be used to identify the effect and use of past year savings:

(1) Used to finance other approved requirements of the reporting unit.

(2) Reprogrammed to another appropriation or budget activity to finance other approved requirements. When this code is used, the anticipated use of the funds in the gaining appropriation or budget activity will be reported.

(3) Placed in reserve, or applied to reducing the President's budget.

Savings realized during the past year constitute additional resources for the agency to use. These savings may be reprogrammed to accomplish currently approved programs and activities which were not funded in the agency's past year budget. The current-year and budget-year effect of cost reduction actions must be identified so that appropriate consideration can be made in the budget formulation and review process for requirements that no longer exist in those years.

g. Validations of savings. Each department and agency head will establish an internal system for the validation of reported savings.

The term "validation" means an independent evaluation of the reasonableness and validity of amounts reported as savings. Responsibility for validation should be assigned to an organization independent of the claiming unit.

For the purposes of this Circular, validation will consist of a review of an adequate number of individual savings actions before data and reports are submitted to the Bureau of the Budget and the President. In establishing the scope of examination, the cost of validation will be weighed against the potential benefits to be gained.

(C. A-44)

The specific validation procedures used in each department and agency should be designed to meet individual situations encountered. Such procedures should be designed to provide reasonable assurance that:

- (1) Reported actions actually took place;
- (2) The savings reported represent reasonable computations and estimates of the savings which occur in the year reported and are the result of specific new or improved management actions; and
- (3) Reported savings are net of identifiable offsetting cost increases.

5. Idea interchange. An essential element of the management improvement program is the Government-wide dissemination of management improvement information applicable to other organizations. Each agency should have an internal system for distributing information on management improvement actions to all of its organizational elements.

For external distribution of information, each agency will identify in its annual management improvement report actions considered applicable to other departments and agencies. Include a description of the action, methodology used, and any new approaches or techniques applied.

Items chosen should be carefully screened for relevance to other Government agencies. The descriptions should be concise and include a point of contact for further information. The Bureau of the Budget will consolidate the descriptions and distribute them to all agencies.

6. Program incentives. In order for the management improvement program to be successful, personnel at all levels of an organization must be motivated to seek ways to improve management and efficiency in Government. For internal motivation, each agency should employ a variety of techniques to stimulate improvement actions. These techniques include: award ceremonies, certificates of merit, letters of appreciation, recognition through publicity media, symposiums and workshops, money rewards (via the Incentive Awards Program), etc. The objectives of these techniques are: (a) to cause a person to think innovatively; (b) to cause him to act on his innovative ideas; and (c) to cause him to report his action in the management improvement program.

In order to provide high level recognition of outstanding performances, each agency head will have the opportunity to make nominations for Presidential recognition. These will include individuals and organizational units which have done an exceptional job of reducing costs or improving operating effectiveness within their agency or on

a Government-wide basis. The nominations should include a detailed description of the efforts involved and the results achieved, and will be included in the management improvement report. They will be reviewed by the President's Advisory Council on Management Improvement which will recommend to the President the individuals and organizations to receive Presidential recognition.

7. Periodic study of Government-wide operations. Periodically, the Bureau of the Budget will choose a common operational area for Government-wide study. For each study area, an interagency steering group will be established to coordinate the effort and write a final report on the results and conclusions of the study.

Agency management will focus on the selected areas and submit a report on accomplishments which will include resulting dollar savings, management improvement actions taken, and plans for future improvements and controls in the area. Possible areas for study may include common administrative functions, records management, travel and transportation, communications, printing and reproduction, etc.

The Bureau of the Budget will notify agencies of the start of this program element and will transmit detailed instructions.

ROBERT P. MAYO
Director

Attachment

(No. A-44)

ATTACHMENT A
Circular No. A-44
Revised

GUIDELINES FOR PREPARING THE MANAGEMENT IMPROVEMENT REPORT

1. Management effectiveness.

a. Definitions.

(1) Area. An area represents a priority problem or activity which has been selected for coverage under the program.

(2) Current year goal. An approved quantitative objective representing the desired performance to be achieved during the current fiscal year for a specific area.

(3) Performance evaluation. An appraisal of performance measurement data to ascertain exceptional accomplishments, identify shortfalls and their causative factors, isolate current and impending problems, and develop meaningful recommendations for further improvement.

(4) Performance indicator. A significant quantitative measurement of performance in the problem area which provides the best perspective of the total management effort being applied to the problem or activity.

(5) Performance measurement. The recording and comparing of current accomplishments against past experience and approved goals.

b. Reporting. Each agency will prepare a plan identifying the problem areas to be studied during the current year. In preparing the plan only the most urgent problem areas and activities need be selected for inclusion. For each area thus selected, appropriate performance indicators will be chosen which provide the basis for evaluating the overall status of the area being reviewed and for taking necessary corrective action.

(1) Performance goals. Goals will be established for each area selected for the current year. In addition, an optimum goal will be established for areas which require long-term management attention.

(2) Progress. A report on annual progress will include:

- The identification and scope of areas selected;
- Goals established;

(No. A-44)

- Performance achieved;
- A succinct performance evaluation covering achievements and problems; and
- Identification of corrective actions taken or planned.

(The initial report, due September 30, 1970, will include the name and scope of areas selected for study and related goals for fiscal year 1971 and a summary of any significant management improvement projects completed during fiscal year 1970.)

c. Instructions for preparing report. A form covering the above information will be prepared for each problem area designated by the agency for evaluation. The following instructions are provided for completing the form (see Exhibit 1):

(1) Submitted by. Enter the name of the agency preparing the report.

(2) Area. Enter the name of the appropriate area being studied.

(3) Fiscal year. Enter the current year.

(4) Period from/to. Enter the beginning and ending date of the fiscal period covered by the report.

(5) Performance measurement. This segment of the format will be used for: identifying the performance indicators selected for measuring management progress for the area; base period reference identification; recording of the base year and current year performance; and the approved goals applicable thereto. Each line used will be completed as follows for the columns identified below:

(a) Performance indicator. Enter performance indicator(s) chosen for the area.

(b) Base period reference identification. Enter in the first column the base period reference identification applicable to the performance indicator being reported. The base period reference identification is included on the reporting format: i.e., A - Preceding fiscal year (cumulative annual results) and B - June 30 of preceding fiscal year (performance level or status as of June 30).

(c) Base year. Enter base period performance data in accordance with the base period reference identification selected.

(d) Past year. Enter past year performance data reflecting management progress for the past fiscal reporting period.

(e) Goals. Under past year, enter the performance goal established last year and under current year enter the performance goal planned for this year.

(6) Performance evaluation. Provide a concise summary evaluation of results by comparing actual performance against past experience and approved goals for each performance indicator. When appropriate, cite specific actions which have contributed to improved performance in order that other agencies might benefit from the experience gained. Provide an analysis of shortfalls and indicate corrective actions initiated or required, including a target date for completion or return to the desired performance level.

2. Cost reduction.

a. Definitions.

(1) New management actions -- those internally conceived procedures, policies, innovations, or decisions which, when applied for the first time, reduce the cost of a specific function or increase revenue or fund availability. A new action is one that has never been applied before by the reporting activity. It may have been applied elsewhere in the overall parent organization but must not previously have been applied by the activity or organization reporting the cost reduction.

(2) Improved management actions -- those changes both in substance and emphasis, with respect to existing procedures, policies, and techniques, which reduce the cost of a specific function or increase revenue or fund availability. Actions which have been previously applied but which have been revised, changed, emphasized or otherwise improved are included in this classification.

(3) Past year -- the fiscal year being reported upon.

(4) Current year -- the fiscal year in progress at the time the annual report is submitted.

(5) Budget year -- the fiscal year following the current year.

(6) Offsetting costs -- all costs incurred as a result of implementing a particular management action, including costs incurred in areas other than where savings are reported.

(7) Cost reduction goal -- a total monetary objective for the effect of cost reduction actions to be taken during the current year.

b. Reporting.

(1) Annual goal. This section of the annual report will contain the goal for the current year and any subgoals established by the agency.

(2) Annual progress reporting. This section will cover the results of actions taken during the past fiscal year. It will show cost reduction actions taken during the past year toward reaching the overall cost reduction goal and resulting monetary savings. It will also contain a narrative statement and a summary recap of progress against the overall goal and any subgoals established by the agency.

(3) Narrative statement. This section will contain items such as the following:

- General summary comments and analysis of accomplishments in relation to the overall goal and to any subgoals established.
- Specific actions taken during the year which assisted in the achievement of the goal.
- Progress on employee increased productivity and efficiency programs.
- Reductions in manpower requirements which resulted from cost reduction actions being reported.
- The identification of any problems in accomplishing the goals which require the assistance of the Bureau of the Budget, the President, other departments and agencies, and new or revised legislation.

(4) Summary recap of savings. This section of the report will contain the following data as a minimum:

- A brief description of each area (program, project, activity, etc.) for which a goal was established.
- The monetary savings goal which was assigned.
- The estimated budgetary effect in the current and budget year as a result of cost reduction actions taken in the past fiscal year and summarized by major organizational units.
- The monetary savings actually achieved during the past fiscal year.
- Proposed disposition of anticipated savings using the categories in paragraph 4.f.
- A summary of past-year reductions in authorized positions resulting from cost reduction actions covered by the report.

Attachment

EXHIBIT 1
Circular No. A-44
Revised

MANAGEMENT EFFECTIVENESS

1. SUBMITTED BY: Department of Government
2. AREA: Processing of Grant Applications
3. Fiscal year: FY 1969 4. Period from: July 1, 1968 To: June 30, 1969

5. PERFORMANCE MEASUREMENT					
a. Performance indicators	Performance			e. Goals	
	b. *BPRI	c. Base Year FY 1968	d. Past Year FY 1969	Past Year FY 1969	Current Year FY 1970
Number of applications processed	A	7,600	8,300	8,000	10,500
Number of applications not assigned for review (end of year)	B	1,900	1,720	1,800	1,500
Number of applications over 6 months old	B	1,050	900	800	500
Percent of disapprovals appealed	A	7.5	6.2	6.0	5.0

* Base period reference identification:

A - Preceding fiscal year B - As of June 30 of preceding fiscal year

6. PERFORMANCE EVALUATION (Attach additional sheets as required for complete evaluation):

Include a statement of the scope of the area under review and analysis.

(No. A-44)

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Agency Management Improvement Program

Implementation Instructions

B

I. Purpose

In compliance with the provisions of OMB (BOB) Circular A-44 (Rev.), dated February 16, 1970, a formal Agency-wide management improvement program is established. These instructions set forth policy, procedures and guidelines and assign responsibilities for carrying out a continuous effort to increase productivity, to improve operating efficiency and to reduce costs.

II. Definitions

For the purpose of these instructions, the following terms are defined:

A. Management Effectiveness - Includes those actions taken which result in improved operating efficiency, increased productivity, and curtailment of redundant, low priority, and marginally useful activities. Such actions do not have to be measured in dollar values.

B. Cost-Reduction - Includes those actions taken to increase productivity, improve efficiency, and eliminate unnecessary activities when such can be measured reasonably accurately in dollars or manpower actually saved or reprogrammed compared with actual costs in the immediately preceding year.

III. Policy

A. The Agency management improvement program consists of five interrelated elements:

1. Efficiency and productivity increases.
2. Cost-reduction.

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3. Special studies of Agency-wide or inter-Directorate activities.

4. Idea interchange.

5. Recognition of individual accomplishment in exceptional improvement actions.

B. The key element of Directorate management improvement programs is the annual identification of program and component cost-reduction and management improvement objectives coupled with evaluation of actual cost-reduction accomplishments on a regular basis. This requires the development of coherent quantitative measurements of program or component productivity and performance. Where such quantitative factors are inconclusive, uninformative, or impractical, qualitative or other informative techniques will have to be devised. This involves:

1. The development in each Directorate of procedures for computing the dollar value of cost-reduction or other management improvement actions taken and determining the assignment and dollar value of resources reprogrammed to other activities.

2. Effective executive action to implement rational cost-reduction or other management improvement actions.

3. The recognition of individuals who achieve exceptional results or otherwise make a commendable contribution under the program.

C. The program will include special inter-Directorate and Agency-wide studies. Deputy Directors, the Inspector General, the Deputy to the DCI for National Intelligence Programs Evaluation, and the Director of Planning, Programming, and Budgeting are encouraged to identify those activities which they feel need inter-Directorate or Agency-wide attention.

IV. Procedures

A. By 30 June of each year, each Deputy Director will submit to the Executive Director-Comptroller a formal management and cost-reduction program plan and report. The plan for FY 1971 will

be submitted by 31 December 1970 (see Section IX - Reports).

B. Directorate annual plans will include four sections:

Section I - Management Effectiveness Goals (upcoming fiscal year).

Section II - Cost-Reduction Goals (upcoming fiscal year).

Section III - Management Effectiveness Accomplishments (current fiscal year).

Section IV - Cost-Reduction Accomplishments (current fiscal year).

1. Section I - Management Effectiveness Goals. This will cover actions and studies the Directorate intends to initiate during the upcoming fiscal year which can be expected to increase efficiency or reduce costs. Normally this section will include only those actions for which the quantification or identification of monetary (dollar) savings cannot be clearly estimated.

2. Section II - Cost-Reduction Goals. This will cover those studies and actions to be undertaken during the upcoming fiscal year by the Directorate which may lead to savings measurable in dollars or manpower which will be or can be utilized to meet unbudgeted workload or program requirements. This section should focus on: critical analysis and evaluation of low priority or marginal activities; identification and development of less costly methods and techniques for doing business; and the definition of concrete actions to increase productivity. This section should set forth both Directorate and component cost-reduction goals, expressed in dollars and manpower where possible. Cost-reduction goals must be realistic and represent actual savings expected as compared with the component's actual costs in the immediately preceding year or the most recently incurred costs, whichever is most appropriate.

3. Section III - Management Effectiveness Accomplishments. This section reports efficiencies achieved as compared with management improvement planning goals established in Section I of the previous year's submission. Unanticipated achievements

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will also be described, including those recognized under the incentive awards program.

4. Section IV - Cost-Reduction Achievements. This section will include actual dollar or manpower savings achieved as compared with planning goals identified in Section II of the previous year's cost-reduction plans. Unanticipated cost-reduction achievements also will be reported in this section. Only reductions in costs which can be attributed to deliberate management actions will be reported under this program. Monetary savings or cost-reduction for this purpose does not include such things as:

- a. Reductions in costs due solely to a decline in demand for Directorate or component output or service.
- b. Reductions in costs due to deferment or postponement of new programs or activities.
- c. Reductions in costs resulting from the transfer of responsibility to another component, Directorate or Government agency except to the extent that there is a net savings to the Government.
- d. Reductions in costs due to uncompensated overtime.
- e. Reductions in costs based on the acquisition of excess property when funds for purchase of similar property were not or would not have been available.
- f. Reductions in costs due solely to over-estimates of budgetary requirements.
- g. Reductions in costs resulting from decisions made by authorities external to the Agency.

C. The estimated budgetary impact of cost-reduction actions will be reported. The monetary savings which result or are expected from each cost-reduction or management improvement action will be calculated, individually identified, and reported for each of three fiscal years -- the year in which the savings occur and the two succeeding fiscal years.

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Savings reported for those succeeding fiscal years will represent an estimate of the funds or manpower which would have been required in each year if the improvement or reduction actions had not taken place. These data will be incorporated in the annual budget submission in a manner prescribed in the annual budget call.

D. Each Directorate will establish controls to assure that funds or manpower made available through the management improvement and cost-reduction programs are used only for approved programs or activities, including approved increases in the level of resources assigned to those activities. Savings will be reported by component, program category, sub-category and element and will reflect disposition of anticipated or actual savings in one or more of the following categories:

1. Reprogrammed or reallocated to approved requirements of the affected component.
2. Reprogrammed or reallocated to approved requirements of Directorate components.
3. No longer required to carry out approved programs and either placed in reserve or applied to reduce the Agency's budget.

V. Validation

A. The Director of Planning, Programming, and Budgeting is responsible for the validation of the dollar or other unit value of reported savings and reprogrammings resulting from the Agency's management effectiveness and cost-reduction programs. Validation will consist of a review of reported actions to confirm the accuracy of the amounts reported and their disposition or allocation to approved programs, prior to preparation of the Agency annual report to the Office of Management and Budget.

B. Validation procedures should provide reasonable assurance that:

1. Reported actions actually took place.
2. The savings reported represent reasonably accurate computations, or estimates, of the savings which occurred in the year reported and are the result of management initiative.

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3. Reported savings are the net of identified, offsetting cost increases.

VI. Inter-Directorate Studies

If applicable, a Deputy Director will include in the Directorate annual plan and report his recommendations concerning areas which he feels require inter-Directorate or Agency-wide study.

VII. Idea Interchange

With due regard to security and "need-to-know" factors, the Director of Planning, Programming, and Budgeting will select and disseminate annually to other Directorates a summary of those accomplishments which may have useful application for management improvement or cost-reduction purposes to other Agency activities and components.

VIII. Awards

A. Annual plans and reports should indicate whether the Deputy Director intends to recommend any individuals for incentive awards in connection with past year accomplishments in the Management Improvement Program. Such recommendations should be formally submitted under the Agency's merit award program no later than 31 July each year.

B. Deputy Directors and the Director of Planning, Programming, and Budgeting should recommend individuals for Presidential recognition where their achievements in cost-reduction or management improvement are of sufficient importance to warrant nomination.

IX. Reports

A. Agency - The Director of Planning, Programming, and Budgeting is responsible for compilation and preparation of the annual Agency management improvement and cost-reduction reports as required by OMB (BOB) Circular A-44 (Rev.).

B. Directorates - Reports from each Directorate will be submitted to the Executive Director-Comptroller by 30 June each year in a format to be prescribed by the Office of Planning, Programming, and Budgeting. The initial report due 31 December 1970 will define the areas selected for study and related goals for FY 1971 and the results of any significant management improvement actions completed during FY 1970.